GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2714
ANSWERED ON:17.12.2008
PROTECTION OF INDIAN INDUSTRIES
Ahir Shri Hansraj Gangaram

Will the Minister of FINANCE be pleased to state:

(a)whether the Industry Associations have requested to slash the rate of interest for the protection of Indian industries in view of global trend of slump in business;

(b)if so, the details of steps taken by the Government in this regard;

(c)whether the 'ASSOCHAM' has been raising demand for giving permission to the banks to raise funds by mortgaging Government securities on the lines of oil companies; and

(d)if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE (EXPENDITURE, BANKING & INSURANCE)(SHRI PAWAN KUMAR BANSAL)

(a)to(d):Industry associations, including ASSOCHAM, have made various suggestions which, inter alia, include reducing the rate of interest. To improve the flow of credit to productive sectors so as to sustain the growth momentum, the Reserve Bank and the Government of India have taken several measures including reduction in key policy rates (repo rate) and other measures to improve the liquidity in the system.